

Journal Entry No. 3

<u>Account No.</u>	<u>Description</u>	<u>Debit</u>	<u>Credit</u>
<i>JE 130</i> 626.71	Employee Pensions and Benefits - Other Postretirement Benefits	<i>56,485</i> \$ XXX	
626.43	Employee Pensions and Benefits - Group Life Insurance		<i>12,354</i> \$ XXX
626.44	Employee Pensions and Benefits - Group Medical Insurance		<i>44,131</i> XXX
	To reclassify the retiree portion of pay-as-you-go group life insurance and medical benefits to SFAS No. 106 costs.		

Until rate levels are adjusted to include SFAS No. 106 costs, some of the operating companies will defer for future recovery in certain jurisdictions the SFAS No. 106 increase in cost recorded in Journal Entry No. 1 above (but not Journal Entry No. 3). However, amounts which are currently billable through unit power agreements or other special contracts should be billed rather than deferred. Monthly deferrals of the SFAS No. 106 accrual adjustment recorded in Journal Entry No. 1 should be recorded for the jurisdictions indicated on the attached schedule, as follows:

Journal Entry No. 4

<u>Account No.</u>	<u>Description</u>	<u>Debit</u>	<u>Credit</u>
186	Miscellaneous Deferred Debits - Other Postretirement Benefits	\$ XXX	
626.71	Employee Pensions and Benefits - Other Postretirement Benefits		\$ XXX
	To defer the jurisdictional portion of the incremental cost of SFAS No. 106 postretirement benefits for future recovery.		

A Schedule M deduction adjustment should be provided monthly to remove the above deferral from taxable income. Related deferred federal income taxes should be recorded through the Mechanized Tax System, which will result in the following journal entry:

Journal Entry No. 4 - Tax

<u>Account No.</u>	<u>Description</u>	<u>Debit</u>	<u>Credit</u>
410.1	Provision for Deferred Income Taxes, Utility Operating Income	\$ XXX	
283.1	Accumulated Deferred Income Taxes - Other		\$ XXX
	To record deferred FIT on SFAS No. 106 costs which have been deferred for future recovery.		

Once rate recovery begins, the incremental postretirement benefits cost deferred as a regulatory asset in Journal Entry No. 4 should be amortized commensurate with ratemaking treatment, as follows:

Journal Entry No. 5

<u>Account No.</u>	<u>Description</u>	<u>Debit</u>	<u>Credit</u>
626.71	Employee Pensions and Benefits - Other Postretirement Benefits	\$ XXX	
186	Miscellaneous Deferred Debits - Other Postretirement Benefits		\$ XXX
	To amortize the deferred incremental cost of SFAS No. 106 postretirement benefits commensurate with rate recovery.		

In order to remove the amortization from current taxable income, a Schedule M addition adjustment should be provided. Related deferred income taxes should be reversed through the Mechanized Tax System, which will result in the following journal entry:

Journal Entry No. 5 - Tax

<u>Account No.</u>	<u>Description</u>	<u>Debit</u>	<u>Credit</u>
283.1	Accumulated Deferred Income Taxes - Other	\$ XXX	
411.1	Provision for Deferred Income Taxes - Credit, Utility Operating Income		\$ XXX
	To amortize deferred FIT related to the amortization of deferred SFAS No. 106 costs.		

JE130
709-5000 16%
709-8000 3%
62672 16%
62673 3%
62674 -

The SFAS No. 106 cost recorded in Account 626.71 should be payroll loaded so that a portion of the cost will be capitalized as a component of construction cost. Payroll loading should be accomplished through manual adjustment until the programming to handle this automatically is complete.

Please contact us if you should have any questions.

HEMCO

G. S. Campbell/H. E. McCoy

GSC:HEM:ca
Attachment

cc: L. V. Assante
G. C. Dean
P. J. DeMaria
B. G. Lynn
W. L. Scott
J. H. Shepard, Jr.
Deloitte & Touche

rc: H. W. Fayne
G. P. Maloney
R. A. Mueller
A. P. Varley

c:\hem\hem005.93

AEP System
Postretirement Benefits Expense
1993

Addresssee	Company	SFAS 106 Accrual Adjustment	Plus Pay-As-You-Go Costs Medical Life Insur.	Subtotal	Total SFAS 106 Cost	Jurisdictions to Record Deferral	JE #4
------------	---------	-----------------------------------	---	----------	---------------------------	--	-------

E. L. Berginnis	Kentucky Power Co.	1,725,400	529,570	148,249	677,819	FERC	
		$\frac{1}{12}$	$\frac{1}{12}$	$\frac{1}{12}$			
		148,783	44,131	12,354	56,488-	N/A	

KPSC Case No. 8700
Commission Staff 1st Set Bate
Order Dated September 2, 1993

(For Attachments Here)

JOURNAL ENTRY VOUCHER

KENTUCKY POWER COMPANY
Month and Year JANUARY, 1993

Page No. of
J.E.No. 013-J130

SHORT ACCOUNT TITLE	ACCOUNT	DESCRIPTION	CONTRA-ACCT	DEBIT	CREDIT
1) OPER MAINT EXP-UNSEG	40190	POSTRETIRE BENEFIT EXP	24290	143,783.00	
MC&AL-OH P/RET BENEFIT	24290	POSTRETIRE BENE ACCRUAL	40190		143,783.00
2) MC&AL-ALL OTHER	24299	DEFER W/O CHARGES	40190	27,318.00	
OPER MAINT EXP-UNSEG	40190	POST RETIRE W/O LOAD	24299		27,318.00
3) OPER MAINT EXP-UNSEG	40190	RECLASS TO SFAS 106	40190	56,485.00	
OPER MAINT EXP-UNSEG	40190	RECLASS FORM P.A.Y.G.	40190		56,485.00
KRS/df	02/09/93			227,586.00	227,586.00

EXPLANATION: 1)To accrue the incremental cost of postretirement benefits in accordance with SFAS 106 per letter of G. S. Campbell/H. E. McCoy letter of 2/4/93. 2)To load W/O with portion of other postretirement benefits that should be payroll loaded. 3)To reclassify the retiree portion of pay-as-go Group Term Life Insurance and medical benefits to SEAS No. 106 Costs

Acct. Dept. Approvals:

Compiled By [Signature]

Approved By [Signature]

Key Entered FEB 10 1993

Form TTY-25 KY Rev. 1/91

KPS&C Case No. 52005-0034
Commission Staff 1st Set Data-Release
Order Dated September 11, 2001
Item No. 51

American Electric Power
Non-UMWA Postretirement Plan

Actuarial Valuation Report

Postretirement Welfare Cost for Fiscal Year Ending December 31, 2005

Employer Contributions for Plan Year Beginning January 1, 2005

May 2005

Table of Contents

Management Summary of Valuation Results..... *MS*

Supplemental Information..... *SI*

Miscellaneous by Location *ML*

Management Summary of Valuation Results

<i>Financial Results</i>	<i>MS-1</i>
<i>Highlights</i>	<i>MS-3</i>
<i>FAS 106 Postretirement Welfare Cost and Funded Position</i>	<i>MS-6</i>
<i>Employer Contributions.....</i>	<i>MS-9</i>
<i>Deferred Tax Effects of Medicare Part D Subsidy.....</i>	<i>MS-10</i>
<i>Actuarial Certification</i>	<i>MS-11</i>

Financial Results

This report summarizes the financial results for American Electric Power's (AEP) Non-UMWA Postretirement Plan based on actuarial valuations as of January 1, 2005, and January 1, 2004. Results for both years reflect changes effective in 2006 resulting from the Medicare Prescription Drug, Improvement, and Modernization Act of 2003. This report assumes that AEP will not share any of the savings from the Medicare Part D subsidy with retirees.

	January 1, 2005	January 1, 2004
FAS 106 Postretirement Welfare Cost		
Amount	\$ 101,240,918	\$ 132,361,248
Per active participant	5,137	6,612
FAS 106 Funded Position		
Accumulated postretirement benefit obligation [APBO]	\$1,772,993,730	\$1,810,602,747
Fair value of assets [FV]	1,100,791,415	949,622,614
APBO funded percentage [FV ÷ APBO]	62.1%	52.4%
Accrued (Prepaid) Postretirement Benefit Cost		
	\$ (1,761,384)	\$ (1,205,084)
Employer Contributions		
Funding policy — contributions to retiree VEBAs and 401(h) accounts	\$ 101,214,418	\$ 131,804,948
Prior nondeductible contributions	57,805,557	0
Deductible contributions	98,224,815 (est.)	73,999,391

Discussion of Financial Results

The financial results of American Electric Power's Non-UMWA Postretirement Plan for the current year were affected by the following factors:

- ▶ Long-term corporate bond yields decreased during the prior year resulting in a lower FAS 106 discount rate, which increased costs.
- ▶ Health care costs generally increased at a slower rate than what were expected, thus generating an actuarial gain and decreasing costs.
- ▶ More employees terminated than was expected, which created an actuarial gain.
- ▶ More employees retired than was expected, which created an actuarial loss.
- ▶ Mortality table was changed to the GAM94 table, which reflects mortality improvements over last year's assumption. This mortality improvement created an actuarial loss for medical benefits and an actuarial gain for life insurance benefits.
- ▶ Returns on plan assets were higher than expected, which decreased postretirement welfare cost and increased the plan's funded position.

Highlights

Economic Assumptions

The discount rate for postretirement welfare cost purposes reflects the time value of money as of the measurement date. This rate is based on high-grade bond yields, after allowing for call and default risk. Historically, AEP selected a single discount rate for all plans: Moody's Aa corporate bond rate, rounded up to the next quarter of a percent. AEP now selects a rate based on each plan's expected cash flows. The duration of AEP's postretirement welfare plan is 14.8 years. The following benchmark bond yields illustrate the change in the markets during 2004:

	December 31, 2004	December 31, 2003
30-year Treasury	4.83%	5.07%
Merrill Lynch 10+ year high quality	5.62%	5.84%
Moody's Aa	5.66%	6.01%

The assumed rate of return on assets for postretirement welfare cost purposes is the weighted average of expected long-term asset return assumptions, net of taxes. The salary increase rate is a long-term rate based on current expectations of future pay increases. The assumptions for postretirement welfare cost purposes are:

	January 1, 2005	January 1, 2004
Discount rate for obligations	5.80%	6.25%
Rate of return on assets	8.37% weighted return	8.35% weighted return
	8.75% non-TOLI, nontaxable investments	8.75% non-TOLI, nontaxable investments
	8.25% TOLI, nontaxable investments	8.25% TOLI, nontaxable investments
	7.00% post-tax for taxable investments	7.00% post-tax for taxable investments
Salary increase rate	Rates varying by age from 3.50% to 8.50%	Rates varying by age from 3.50% to 8.50%

Assumptions used to determine the statutory contribution limits must be reasonable taking into account the experience of the plan and reasonable expectations. The discount rate used to determine normal cost and actuarial accrued liability is based on the long-term expected return on assets, net of taxes. The assumptions for contribution purposes are:

	December 31, 2005	December 31, 2004
Discount rate for normal cost and actuarial accrued liability:		
VEBA		
▶ Pre-tax	8.50%	8.50%
▶ TOLI	8.00%	8.00%
▶ Post-tax	6.80%	6.80%
Salary increase rate	Rates varying by age from 3.50% to 8.50%	Rates varying by age from 3.50% to 8.50%

Health Care Cost Trend Rate Assumptions

The health care cost trend assumptions used in the valuation are:

	January 1, 2005	January 1, 2004
2004 trend	N/A	10.00%
2005 trend	9.00%	9.00%
Ultimate trend	5.00%	5.00%
Year ultimate reached	2009	2009

Demographic Assumptions

The cost of providing plan benefits depends on demographic factors such as retirement, mortality, turnover and plan participation. Demographic assumptions used in the valuation were selected to reflect the experience of the covered population and reasonable expectations. If actual experience is more favorable than assumed, plan costs will be lower. Alternatively, if actual experience is less favorable than assumed, future plan costs will be increased.

AEP has updated its mortality assumption since last year to the 1994 Group Annuity Mortality (GAM94) table.

Assets

In the year ended December 31, 2004, the plan’s portfolio achieved a 16.8% investment return (net of expenses and taxes), while the capital markets performed as follows:

Large equities [S&P 500]	10.88%
Intermediate/small equities [Russell 2500]	18.29%
Non-U.S. equities [EAFE]	20.25%
Bonds [Lehman Brothers Aggregate]	4.34%
Cash equivalents [Salomon Brothers 90-Day T-Bill]	1.25%

Plan Changes

There have been no significant changes in plan provisions since the previous year.

FAS 106 Postretirement Welfare Cost and Funded Position

Postretirement welfare cost is the amount recognized in AEP's financial statement as the cost of postretirement welfare plans and is determined in accordance with Financial Accounting Standard No. 106. The fiscal 2005 postretirement welfare cost for the plan is \$101,240,918 or \$5,137 per active participant.

Funded position, on a FAS 106 basis, is measured by comparing the fair value of assets with the accumulated postretirement benefit obligation (APBO). The APBO is the portion of the total present value of projected benefits allocated to prior years as of the measurement date.

The plan's funded percentage is 62.1% as of January 1, 2005, based on the fair value of assets of \$1,100,791,415 and an APBO of \$1,772,993,730.

Change in Postretirement Welfare Cost and Funded Position

The postretirement welfare cost decreased from \$132,361,248 in fiscal 2004 to \$101,240,918 in fiscal 2005 because:

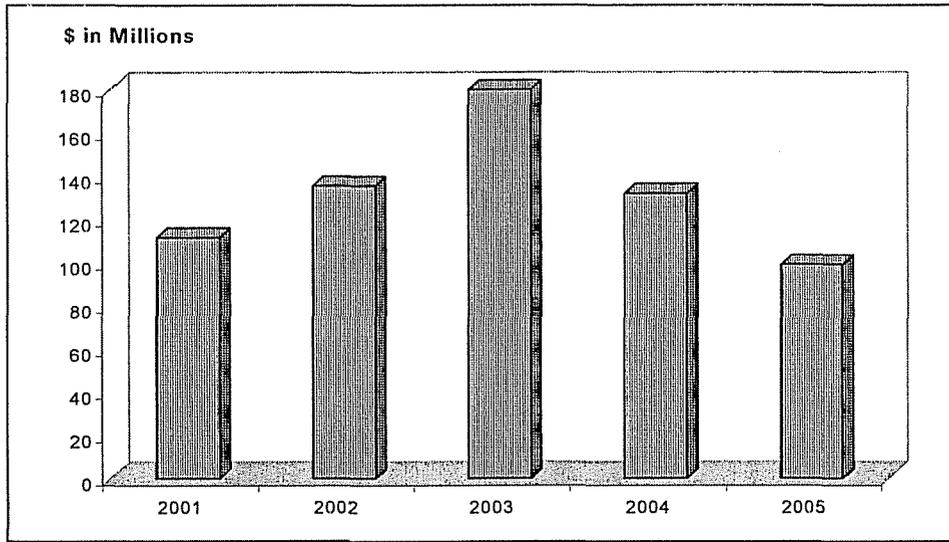
- ▶ Expected changes based on prior year's assumptions, methods, plan provisions and contributions decreased the postretirement welfare cost \$7,496,974.
- ▶ Noninvestment experience decreased the postretirement welfare cost \$3,351,502. The primary source of this change was more terminations than expected.
- ▶ The return on the fair value of plan assets was 10.0% in fiscal 2004, which decreased the postretirement welfare cost \$2,514,159.
- ▶ Assumption changes increased the postretirement welfare cost \$14,530,147. The discount rate was decreased from 6.25% to 5.80% and the mortality assumption changed to GAM94. The majority of the cost increase was due to the 45 basis point decrease in the discount rate.
- ▶ Changes in per capita claims costs decreased the postretirement welfare cost \$23,466,755. Much of this was due to realizing more savings from the January 1, 2003, prescription drug benefit change than was previously expected.
- ▶ AEP's decision to keep the entire Medicare Part D subsidy further reduced the postretirement welfare cost by \$8,821,087.

The net decrease in postretirement welfare cost is \$31,120,330 or 23.5% over the prior year.

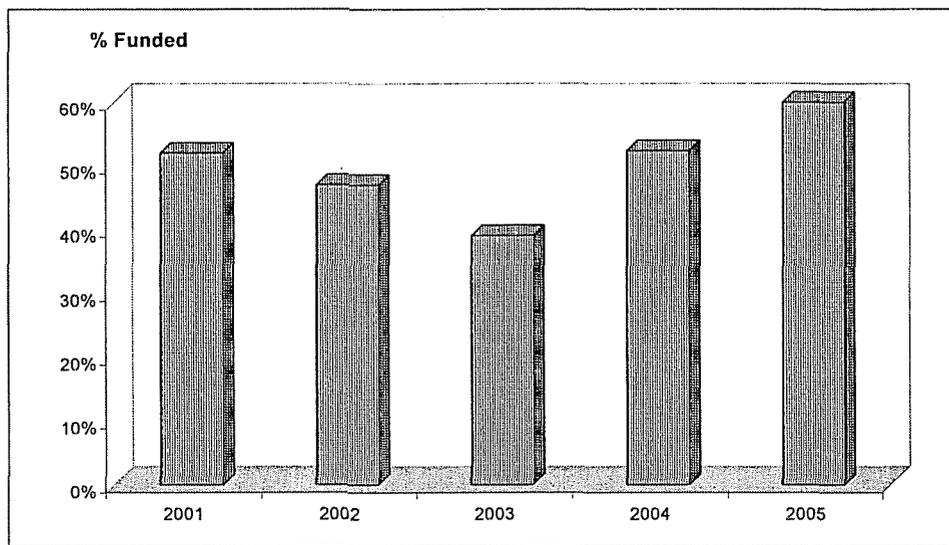
History of Postretirement Welfare Cost and Funded Position

The following charts show the history of the plan's postretirement welfare cost and funded position.

Postretirement Welfare Cost



Accumulated Postretirement Benefit Obligation Funded Percentage



**History of Postretirement Welfare Cost
and APBO Funded Percentage**

-- Postretirement Welfare Cost --
(\$ in millions)

<i>Fiscal year</i>	<i>Amount</i>	<i>APBO funded percentage</i>	<i>Discount rate</i>
2005	\$101.2	62.1%	5.80%
2004	132.4	52.4%	6.25%
2003	179.9	38.8%	6.75%
2002	135.5	46.6%	7.25%
2001	111.7	52.4%	7.50%

Employer Contributions

Employer cash flow is the amount paid by the company to provide for postretirement benefits, net of retiree contributions. Retirees are required to contribute toward the cost of benefits. Employer contributions are used to fund the cost of benefits in excess of retiree contributions.

The company's funding policy is to contribute the FAS 106 cost for the Non-UMWA Postretirement Plan. For 2005 the contribution under the funding policy is \$101,214,418.

The \$101,214,418 contribution is projected to be made through contributions at the beginning of each month to AEP's VEBAs and 401(h) accounts as follows:

2005 Employer Contribution Schedule

	Medical Nonunion	Medical Union	Dental Nonunion	Dental Union	Life Insurance	401(h) West*	401(h) East		Total
							Plan Year 2004	Plan Year 2005	
January Contributions	\$6,281,688	\$0	\$100,000	\$2,000	\$0	\$0	\$5,374,645	\$0	\$11,758,333
February Contributions	7,500,000	0	100,000	2,000	156,333	4,000,000	0	0	11,758,333
March Contributions	7,500,000	0	100,000	2,000	140,719	4,015,614	0	0	11,758,333
April Contributions	8,204,723	0	100,000	2,000	0	0	0	0	8,306,723
May Contributions	5,106,498	0	100,000	2,000	0	3,098,225	0	0	8,306,723
June Contributions	0	0	100,000	2,000	2,386,135	0	4,558,433	0	7,046,568
July Contributions	0	0	100,000	2,000	2,386,135	0	4,558,433	0	7,046,568
August Contributions	0	0	100,000	2,000	2,386,135	0	3,307,765	1,250,668	7,046,568
September Contributions	654,349	0	100,000	2,000	2,386,135	0	0	3,904,084	7,046,568
October Contributions	654,349	0	100,000	2,000	2,386,135	0	0	3,904,084	7,046,568
November Contributions	654,349	0	100,000	2,000	2,386,135	0	0	3,904,084	7,046,568
December Contributions	<u>654,350</u>	<u>0</u>	<u>100,000</u>	<u>2,000</u>	<u>2,386,135</u>	<u>0</u>	<u>0</u>	<u>3,904,080</u>	<u>7,046,565</u>
Total 2005 Contributions	\$37,210,306	\$0	\$1,200,000	\$24,000	\$16,999,997	\$11,113,839	\$17,799,276	\$16,867,000	\$101,214,418
Estimated 2005 Deductible Amounts									
- Prior non-deductible amounts	\$50,123,299	\$0	\$0	\$0	\$7,682,258	\$0		\$0	\$57,805,557
- 2005 maximum capacity	27,738,440	14,700,274	0	24,000	25,245,842	11,113,839		34,666,278	113,488,673
- deduction of prior amounts	27,738,440	0	0	0	7,682,258	0		0	35,420,698
- deduction of 2005 amounts	<u>0</u>	<u>0</u>	<u>0</u>	<u>24,000</u>	<u>17,000,000</u>	<u>11,113,839</u>		<u>34,666,278</u>	<u>62,804,117</u>
- total 2005 deduction	\$27,738,440	\$0	\$0	\$24,000	\$24,682,258	\$11,113,839		\$34,666,278	\$98,224,815
- Carry-forward as of 12/31/2005	\$68,416,247	\$0	\$1,200,000	\$0	\$0	\$0		\$0	\$69,616,247

* First quarter contributions to the 401(h) West account are for plan year 2004, while later 401(h) contributions are for plan year 2005.

Deferred Tax Effects of Medicare Part D Subsidy

One of the advantages of the federal subsidy under Medicare Part D is its tax-free status. The Act confirms not only that employers will incur no federal income tax when federal subsidy payments are received, but that there will be no reduction in the amount of the tax deduction that would otherwise apply to the company's contribution to the plan. Under FAS 109, this creates a "permanent difference" in that the costs associated with the subsidy are ignored for purposes of determining AEP's taxes payable and its tax expense.

To take full advantage of the expected federal subsidies, the balance sheet liability of the retiree welfare plans under FAS 106 must be tracked on an ongoing basis both with and without the effect of the federal subsidy.

- ▶ The balance sheet liability *with* the subsidy will be used in financial accounting just as it always has been.
- ▶ The balance sheet liability *without* the subsidy, and changes in that liability from year to year, will be used only to determine the periodic adjustments to AEP's deferred tax asset (DTA) account.

The following table shows the change in the balance sheet liability during 2005 under these "parallel" valuations:

Change in Balance Sheet Liability	With Subsidy	Without Subsidy
Balance sheet liability on January 1, 2005	\$ 1,761,384	\$ 29,865,359
FAS 106 cost	101,240,918	139,964,434
Estimated benefit payments/other adjustments	(101,214,418)	(101,214,418)
Estimated balance sheet liability on December 31, 2005	\$ 1,787,884	\$ 68,615,375
Difference		\$ 66,827,491

Actuarial Certification

American Electric Power retained Towers Perrin to perform a valuation of its postretirement welfare benefit plans for the purpose of determining (1) its postretirement welfare cost in accordance with FAS 106 and (2) the maximum tax-deductible contribution allowed by the Internal Revenue Code. This valuation has been conducted in accordance with generally accepted actuarial principles and practices.

The consulting actuaries are members of the Society of Actuaries and other professional actuarial organizations and meet their "General Qualification Standard for Public Statements of Actuarial Opinion" relating to postretirement welfare plans.

In preparing the results presented in this report, we have relied upon information provided to us regarding plan provisions, plan participants, and plan assets. While the scope of our engagement did not call for us to perform an audit or independent verification of this information, we have reviewed this information for reasonableness but have not audited it. The accuracy of the results presented in this report is dependent upon the accuracy and completeness of the underlying information.

The actuarial assumptions and the accounting policies and methods employed in the development of the postretirement welfare cost have been selected by the plan sponsor, with the concurrence of Towers Perrin. FAS 106 requires that each significant assumption "individually represent the best estimate of a particular future event."

The actuarial assumptions and methods employed in the development of the contribution limits have been selected by Towers Perrin, with the concurrence of the plan sponsor. The Internal Revenue Code requires the use of reasonable assumptions.

The results shown in this report are reasonable actuarial results. However, a different set of results could also be considered reasonable actuarial results, since the Actuarial Standards of Practice describe a "best-estimate range" for each assumption, rather than a single best-estimate value. Thus, reasonable results differing from those presented in this report could have been developed by selecting different points within the best-estimate ranges for various assumptions.

The information contained in this report was prepared for the internal use of American Electric Power and its auditors in connection with our actuarial valuation of the postretirement welfare plans. It is not intended nor necessarily suitable for other purposes. Further distribution or use of all or part of this report to other parties is expressly prohibited without Towers Perrin's prior written consent.



Michael J. Turk, ASA, MAAA

Towers Perrin

May 2005



Martin P. Franzinger, ASA, MAAA

Supplemental Information

<i>Basic Results for Postretirement Welfare Cost.....</i>	<i>SI-1</i>
<i>Postretirement Welfare Cost.....</i>	<i>SI-4</i>
<i>Selected Financial Statement Disclosure Information</i>	<i>SI-5</i>
<i>Basic Results for Employer Contributions — VEBAs</i>	<i>SI-7</i>
<i>2004 VEBA Deduction Limits</i>	<i>SI-8</i>
<i>2005 Maximum Deductible Contributions — 401(h).....</i>	<i>SI-9</i>
<i>Expected Benefits and Administrative Expenses.....</i>	<i>SI-10</i>
<i>Actuarial Assumptions and Methods</i>	<i>SI-11</i>
<i>Participant Data</i>	<i>SI-16</i>
<i>Plan Provisions.....</i>	<i>SI-17</i>

Basic Results for Postretirement Welfare Cost

	January 1, 2005	January 1, 2004
Service Cost		
Medical, Life and Dental	\$ 41,473,231	\$ 40,363,171
Accumulated Postretirement Benefit Obligation [APBO]		
Medical, Life and Dental		
▶ Current retirees	\$ 982,846,257	\$ 996,571,150
▶ Other participants fully eligible for benefits	204,806	223,020
▶ Other active participants	<u>789,942,667</u>	<u>813,808,577</u>
▶ Total	\$ 1,772,993,730	\$ 1,810,605,747
Assets		
Fair value [FV]	\$ 1,100,791,415	\$ 949,622,614
FAS 106 Funded Position		
Unfunded APBO [APBO – FV]	\$ 672,202,315	\$ 860,980,133
APBO funded percentage [FV ÷ APBO]	62.1%	52.4%
Key Economic Assumptions		
Discount rate	5.80%	6.25%
Rate of return on assets	8.75%	8.75%
Health care cost trend rate:		
▶ First year	9.00%	10.00%
▶ Ultimate	5.00%	5.00%
▶ Year ultimate reached	2009	2009

**Development of Prepaid (Accrued)
Postretirement Benefit Cost****Fiscal 2004**

Prepaid (Accrued) Postretirement Benefit Cost, Beginning of Year	\$ (1,205,084)
Changes during fiscal 2004:	
▶ Income (cost) recognized	(132,361,248)
▶ Curtailment/settlement cost	0
▶ Acquisition/divestitures during 2004	0
▶ Employer contributions	131,804,948
▶ Adjustment	<u>0</u>
Prepaid (accrued) postretirement benefit cost, end of year	\$ (1,761,384)

January 1, 2005

January 1, 2004

**Reconciliation of
 Funded Status**

Funded status [FV – APBO]	\$ (672,202,315)	\$ (860,980,133)
Unrecognized net actuarial loss (gain)	497,952,872	660,685,695
Unrecognized prior service cost (credit)	5,226,695	5,661,130
Unrecognized transition obligation (asset)	<u>167,261,364</u>	<u>193,428,224</u>
Prepaid (accrued) postretirement benefit cost	\$ (1,761,384)	\$ (1,205,084)

Postretirement Welfare Cost

	Fiscal 2005	Fiscal 2004
Postretirement Welfare Cost		
Service cost	\$ 41,473,231	\$ 40,363,171
Interest cost	102,779,699	113,036,656
Expected return on assets	(91,957,914)	(81,112,231)
Amortization:		
▶ Transition obligation (asset)	25,637,056	26,166,860
▶ Prior service cost (credit)	434,435	434,435
▶ Net loss (gain)	<u>22,874,411</u>	<u>33,472,357</u>
Postretirement welfare cost	\$ 101,240,918	\$ 132,361,248
Per active participant	5,137	6,612

Change in Postretirement Welfare Cost

Postretirement welfare cost for fiscal 2004	\$ 132,361,248
Change from fiscal 2004 to fiscal 2005:	
▶ Expected based on prior valuation	(7,496,974)
▶ Demographic experience loss (gain)	(3,351,502)
▶ Experience loss (gain) from assets	(2,514,159)
▶ Assumption changes	14,530,147
▶ Claims cost changes	(23,466,755)
▶ Additional savings from keeping Medicare Part D subsidy	(8,821,087)
▶ Plan amendments	<u>0</u>
Postretirement welfare cost for fiscal 2005	\$ 101,240,918

Selected Financial Statement Disclosure Information

The following information was used in AEP's postretirement welfare benefit disclosures. This information was developed by adjusting the prior year's valuation results for the passage of time and other significant changes.

	Fiscal 2004	Fiscal 2003
Change in Benefit Obligation		
APBO, beginning of year	\$ 2,092,559,421	\$ 1,813,224,921
Service cost	40,363,171	41,964,945
Interest cost	113,036,655	126,083,171
Participant contributions	17,967,557	14,165,036
Plan amendments	0	0
Actuarial loss (gain)	(133,916,913)	185,399,542
Total benefits paid	(103,955,885)	(88,278,194)
Effect of curtailments, settlements, and divestitures	<u>0</u>	<u>0</u>
APBO, end of year	\$ 2,026,054,006	\$ 2,092,559,421
Change in Plan Assets		
Fair value of plan assets, beginning of year	\$ 949,622,614	\$ 723,411,315
Actual return on plan assets	97,773,726	121,227,209
Employer contributions	131,804,946	179,092,184
Participant contributions	17,967,557	14,165,036
Total benefits paid from trust	<u>(103,955,885)</u>	<u>(88,278,194)</u>
Fair value of plan assets, end of year	\$ 1,093,212,958	\$ 949,617,550

December 31, 2004 December 31, 2003

Reconciliation of Funded Status

Funded status	\$ (932,841,048)	\$ (1,142,941,871)
Unrecognized net actuarial loss (gain)	758,591,605	942,647,433
Unrecognized prior service cost (credit)	5,226,695	5,661,130
Unrecognized transition obligation (asset)	<u>167,261,364</u>	<u>193,428,224</u>
Prepaid (accrued) postretirement benefit cost	\$ (1,761,384)	\$ (1,205,084)

Basic Results for Employer Contributions – VEBAs

	Estimated December 31, 2005	December 31, 2004
Qualified Asset Account Limits	\$ 1,016,563,672	\$ 976,631,400
Assets		
Market value	\$ 1,214,743,269	\$ 1,017,586,995
Unrecognized investment losses (gains)	<u>0</u>	<u>0</u>
Actuarial value [AV]	\$ 1,214,743,269	\$ 1,017,586,995
Funded Position		
Unfunded account limits [QAAL – AV]	\$ (198,179,597)	\$ (40,955,595)
Employer Contributions (to all funding vehicles)		
a. Maximum deductible employer contribution	\$ 113,488,673	\$ 90,849,354
b. Qualified additions (prior years' carryover)*	35,420,698	0
c. Qualified additions (current year)**	<u>62,804,117</u>	<u>73,999,391</u>
d. Total deductions [b. + c.]	\$ 98,224,815	\$ 73,999,391
e. Other additions	38,410,301	57,805,557
f. Total additions [c. + e.]	\$ 101,214,418	\$ 131,804,948
▶ Life insurance VEBA	17,000,000	15,889,200
▶ Union medical/dental VEBAs	24,000	28,010,500
▶ Non-union medical/dental VEBAs	38,410,301	70,933,089
▶ West 401(h)	11,113,839**	3,917,141
▶ East 401(h)	34,666,278**	13,055,018

Note: QAALs (and maximum deductible contributions) shown above include the total present value of projected benefits for medical and dental benefits for union retirees.

* Prior year's carryover is 2004 deductible contributions to retiree life VEBA.

** \$8,015,614 of the West 401(h) contribution and \$17,799,276 of the East 401(h) are for the 2004 plan year.

2004 VEBA Deduction Limits

	Life Insurance	Union Medical + Dental	Nonunion Medical + Dental
Qualified Asset Account Limit (QAAL)			
Dec. 31, 2004, actuarial accrued liability (AAL) or	AAL	PVPB	AAL
Present value of projected benefits (PVPB)	\$127,448,918	\$332,827,532	\$564,521,857
Unrecognized liability	48,166,907	0	0
QAAL	\$ 79,282,011	\$332,827,532	\$564,521,857
Assets			
Market value	\$ 86,964,269	\$315,977,569	\$614,645,157
Unrecognized investment losses (gains)	0	0	0
Actuarial value [AV]	\$ 86,964,269	\$315,977,569	\$614,645,157
Funded Position			
Unfunded account limit [QAAL - AV]	(7,682,258)	16,849,963	(50,123,299)
2004 Employer Contributions to VEBAs			
a. Maximum deductible employer contribution	\$ 8,206,942	\$44,860,463	\$ 20,809,790
b. Qualified additions (prior years' carryover)	0	0	0
c. Qualified additions (current year)	8,206,942	28,010,500	20,809,790
d. Total deduction [b. + c.]	8,206,942	28,010,500	20,809,790
e. Other additions	7,682,258	0	50,123,299
f. Total additions [c. + e.]	\$ 15,889,200	\$ 28,010,500	\$ 70,933,089

2005 Maximum Deductible Contributions — 401(h)

	West Plan	East Plan
1. Present Value of Projected Benefits 1/1/2004	\$125,793,282	\$170,077,700
2. Fair Value of Assets 1/1/2004	68,785,171	14,621,459
3. Unfunded (Surplus) PVPB (1) - (2)	57,008,111	155,456,241
4. Average Present Value of Future Service	8.5	16.4
5. Preliminary maximum		
a) 10% of unfunded (3) x 0.10	\$5,700,811	\$15,545,624
b) Aggregate Normal Cost (3) / (4)	6,706,837	9,479,039
c) Greater of (a), (b)	6,706,837	15,545,624
6. Prelim max 2004: (5c) * 1.085	7,276,918	16,867,002
7. Subordination Test (shown below)	3,098,225	19,696,600
8. Maximum Deductible Contribution, lesser (6), (7)	\$3,098,225	\$16,867,002

Subordination Test

Year-by-year minimum of actual pension plan contribution
 and pension plan normal cost with interest

1992	\$9,766,169 *	N/A
1993	22,392,743	N/A
1994	21,208,326	N/A
1995	21,683,436	N/A
1996	20,271,648	N/A
1997	0	N/A
1998	0	N/A
1999	0	N/A
2000	0	N/A
2001	0	N/A
2002	0	N/A
2003	19,197,145	39,165,054 *
2004	18,614,338	56,614,811
2005	0	55,872,817
Cumulative pension contributions not for past service:	\$133,133,805	\$151,652,681
	x 1/3	x 1/3
	\$44,377,935	\$50,550,894
Cumulative 401(h) contributions before 2005:	41,279,710	30,854,294
Subordination limit	\$3,098,225	\$19,696,600

* Includes only portion of normal cost and contributions after 401(h) account adoption dates
 for indicated years

Expected Benefits and Administrative Expenses

	January 1, 2005	January 1, 2004
Medical and Dental		
Gross disbursements	\$ 91,671,519	\$ 89,363,320
Participant contributions	<u>(14,857,772)</u>	<u>(13,814,783)</u>
Net disbursements	\$ 76,813,747	\$ 75,548,537
Life Insurance		
Gross disbursements	\$ 12,306,104	\$ 13,624,222
Participant contributions	<u>(3,101,124)</u>	<u>(3,109,602)</u>
Net disbursements	\$ 9,204,980	\$ 10,514,620
Total		
Gross disbursements	\$ 103,977,623	\$102,987,542
Participant contributions	<u>(17,958,896)</u>	<u>(16,924,385)</u>
Net disbursements	\$ 86,018,727	\$ 86,063,157

Actuarial Assumptions and Methods

	FAS 106 Cost		Employer Contributions
Economic Assumptions			
Discount rate for liabilities		5.80%	8.50%
Discount rate for postretirement welfare cost		5.80%	N/A
Return on plan assets:			
▶ Non-TOLI funding (pre-tax)		8.75%	8.50%
▶ TOLI funding		8.25%	8.00%
▶ After-tax rate of return on plan assets (non-TOLI, nonbargained medical)		7.00%	6.80%
Medical cost trend rate by year			
	2005	9.00%	9.00%*
	2006	8.00%	8.00%*
	2007	7.00%	7.00%*
	2008	6.00%	6.00%*
	2009+	5.00%	5.00%*
Dental cost trend rate by year			
	2005-2008	6.00%	6.00%*
	2009+	5.00%	5.00%*

*0% trend assumed for nonunion VEBA account limit.

Health Care Benefit Assumptions

Average annual 2005 per capita claims cost:

	Age	Claims Cost		
		COB	MOB	Medicare Part D Subsidy (2006)
▶ Prior to age 65	< 50			\$4,032
	50 – 54			4,531
	55 – 59			5,371
	60 – 64			6,649
	Average pre-65			5,992
▶ Age 65 and after (net of Medicare)	65 – 69	\$2,994	\$2,349	\$(578)
	70 – 74	3,239	2,501	(596)
	75 – 79	3,362	2,559	(591)
	80 – 84	3,354	2,513	(561)
	≥ 85	3,330	2,419	(500)
	Average post-65	3,237	2,469	(573)
▶ Dental	All		\$225	

- ▶ Medicare covered charges trend rate Same as medical cost increases.
 - ▶ Retiree contribution trend rate Same as applicable medical cost increases.
- Administrative expenses Included in claims costs shown above.

Demographic Assumptions

Mortality 1994 Group Annuity Mortality Table.

Termination Rates apply to employees not eligible to retire and vary by age as indicated by the following sample values:

<i>Age</i>	<i>Rate</i>
20	10.4%
30	5.9
40	2.7
50	0.9
60	0.9

Disability Rates apply to employees not eligible to retire and vary by age and sex as indicated by the following sample values:

<i>Age</i>	<i>Male</i>	<i>Female</i>
20	0.060%	0.090%
30	0.060	0.090
40	0.074	0.110
50	0.178	0.270
60	0.690	1.035

Disabled mortality (through age 65) Rates vary by age and sex as indicated by the following sample values:

<i>Age</i>	<i>Male</i>	<i>Female</i>
30	2.60%	2.60%
40	2.60	2.60
50	3.10	3.10
60	6.20	6.20

Retirement

Rates which vary by age as follows:

Age	Rate
55	10%
56 - 59	7
60 - 61	16
62	40
63	20
64	44
65	84
66 - 69	50
70	100

Rates apply to employees with five or more years of service.

Spouse ages

Wives three years younger than husbands.

Participation rates

The percentage of employees who will enroll for family coverage is assumed to vary by sex and to change from year to year as follows:

Male Employees: 75% for employees retiring in 2005, reducing by 1% each year to a minimum of 69% for employees retiring in 2011 and later.

Female Employees: 54.5% for employees retiring in 2005 reducing by 0.75% each year to a minimum of 50% for employees retiring in 2011 and later.

Actuarial Methods

Service cost and APBO

Projected unit credit actuarial cost method, allocated from date of hire to full eligibility date. Full eligibility age is defined as expected retirement date.

Development of claims cost

► Pre-65 retiree rates

Aetna, Medco, UnitedHealthcare and Magellan supplied data on retiree medical claims incurred in 2003. 2005 claim experience rates are calculated separately for Aetna and UnitedHealthcare plans by dividing incurred claims by covered lives and trending forward two years to 2005. Medical and prescription drug claim rates are then multiplied by plan change factors representing the effect of increasing office visit copays and implementing Medco's Rational Med Program (both effective January 1, 2004). A blend of Aetna and UHC claim rates is taken and age-graded over standard Towers Perrin morbidity curves for both medical and prescription drugs to develop the quinquennial cost model.

MetLife supplied data on dental claims incurred in 2003. Experience for all active and retiree employees was analyzed to derive the dental claim rates.

▶ Post-65 retiree rates

2005 monthly claim rates are calculated separately for MOB and COB Medicare-eligible plans by dividing incurred claims by covered lives and trending forward two years to 2005. Prescription drug claim rates are then multiplied by plan change factors representing the effect of implementing Medco's Medicare Coordination Program effective January 1, 2004. MOB and COB cost models are developed separately by age-grading these claim rates over standard Towers Perrin morbidity curves for both medical and prescription drugs to develop the quinquennial cost models.

▶ Medicare Part D subsidy

We calibrated our modeling tool to reflect the 2004 cost of the current prescription drug plans for AEP's post-65 retirees. The tool employs a continuance table of annual retiree drug utilization levels, developed from analyzing the experience of several large Towers Perrin clients.

After the plan-specific benefit provisions have been calibrated to current costs, the Modeler trends costs forward to 2006. Actuarial equivalence was determined using the following two-prong approach outlined in the regulations for Medicare Part D:

- ▶ *Gross Value Test* – The Modeler calculates the value of standard Medicare Part D coverage and compares it to AEP's plan costs. AEP's plans passed this test by being richer than the projected value of standard Medicare Part D coverage for these groups.
- ▶ *Net Value Test* --The net value prong of the test compared the value of Standard Part D coverage in 2006 minus \$420 per year to the projected 2006 value of AEP coverage minus the average projected 2006 retiree contribution rate. For this purpose, retiree contributions were assumed to apply pro rata between the value of medical benefits and prescription drug benefits.

When the plans are deemed to be actuarially equivalent, the tool calculates the average expected value of the employer subsidy in 2006, using the continuance table calibrated to AEP's plan costs. This produced a 2006 per person employer subsidy of \$573, which AEP intends to keep.

Benefits Not Valued

All benefits valued.

Changes in Methods and Assumptions Since Last Year

The discount rate was decreased from 6.25% to 5.80%.
The mortality table was changed from 1983 Group Annuity Mortality to 1994 Group Annuity Mortality to better reflect actual experience.

Data Sources

The company furnished the participant data, as well as the accrued postretirement benefits cost as of December 31, 2004. Health plan vendors furnished claims cost data. Data were reviewed for reasonableness and consistency, but no audit was performed. We are aware of no errors or omissions in the data that would have a significant effect on the results of our calculation.

Participant Data

	January 1, 2005	January 1, 2004
Active		
Number:		
▶ Fully eligible for benefits	6	2
▶ Other	<u>19,701</u>	<u>20,016</u>
▶ Total	19,707	20,018
Average age	46.0	45.7
Average past service	17.7	17.5
Average future service:		
▶ To full eligibility age	14.0	14.3
▶ To expected retirement	14.0	14.3
Covered pay:		
▶ Total	\$ 1,178,613,207	\$ 1,165,902,388
▶ Average	59,807	58,243
Inactive		
Retired participants:		
▶ Number:		
– Under age 65	3,476	3,232
– Age 65 and over	<u>7,784</u>	<u>7,716</u>
– Total	11,260	10,948
▶ Average age	70.8	69.5
Dependents and surviving spouses:		
▶ Number:		
– Under age 65	3,673	3,524
– Age 65 and over	<u>7,794</u>	<u>7,970</u>
– Total	11,467	11,494
▶ Average age	71.2	70.1
Disabled:		
▶ Number:	779	854
▶ Average age	54.8	54.3

Plan Provisions

Health Care Benefits

- Eligibility** Participants are eligible upon retirement after age 55 with 10 years of service or upon attaining age 55 with 10 years of service after becoming permanently disabled. If involuntary termination, then eligible after age 50 with 10 years of service.
- Dependent eligibility** Eligible dependents are spouse, unmarried children under age 19 (age 25 if a full-time student) and unmarried disabled children of any age.
- Survivor eligibility** After the death of a retiree or active employee eligible to retire, surviving spouses are eligible until death or remarriage. Surviving children are also eligible, subject to the limiting age provision outlined above.
- Postretirement contributions** Participant contributions are determined as a percentage of plan costs and vary by points (age at retirement plus service) as follows:

<i>Points</i>	<i>Retiree Cost</i>
65-69	46%
70-74	42%
75-79	36%
80-84	32%
85-89	26%
90-94	22%
95+	20%
Grandfathered	20%

For East participants who retired prior to January 1, 1989, and West participants who retired prior to January 1, 1993, no contributions are required.

For East participants who retired on or after January 1, 1989, and West participants who retired on or after January 1, 1993, the 20% "Grandfathered" contributions are in effect if they retired by December 31, 2000, or attained age 50 and had 10 or more years of service with the company on that date. The percentages described above are applied to plan costs that differ from the per capita claims costs assumed in the valuation as follows:

The Medicare status of dependents are not looked at in determining whether "pre-65" or "post-65" rates apply. The pre-65 plan rates used to calculate participant contributions are a blend of pre-65 retiree costs and active employee costs.

Disabled employee contributions

Disabled employees have a waiver of premium provision of 60 where no contributions are made while an employee remains disabled.

If an employee retires while disabled and became disabled before January 1, 2001, the waiver of premium provision continues for life. If an employee retires while disabled and became disabled after January 1, 2001, the employee will continue to accrue points as if actively-at-work until age 65 and be subject to the same contribution schedule as normal retirees.

Benefits

The AEP Medical Plan provides broad medical coverage with a deductible of \$200, 80% coinsurance and a maximum annual out-of-pocket expense of \$2,000 per person. Discounted charges and increased benefits may be obtained by pre-65 retirees electing to use network providers.

Pre-65 retirees who live in areas designated as "Network Area" will have reduced benefits (\$300 deductible, 70% coinsurance, \$4,000 out-of-pocket maximum) if they do not use network providers. Alternatively, these retirees can elect a network lock-in option that provides their richest level of benefits, but provides no out-of-pocket network benefits.

Prescription drug benefits are provided under a separate plan with the following copayments:

	<i>Generic</i>	<i>Brand Name</i>
30-day retail (20%)	\$5 minimum, \$100 maximum	\$15 minimum, \$100 maximum plus difference between generic and brand
90-day mail order (20%)	\$0 minimum, \$100 maximum	\$0 minimum, \$100 maximum plus difference between generic and brand

Prescription drug benefits are also subject to a \$50 deductible and a \$1,000 out-of-pocket maximum per person.

Benefits after age 65 are coordinated with Medicare using the carve-out method. Participants have the option to "buy up" to exclusion coordination of benefits coverage. Exclusion coordination is provided to East retirees who attained age 65 prior to January 1, 2001.

Deductibles and out-of-pocket maximums are assumed to increase over time at approximately the same rate as benefit costs.

Life Insurance Benefits

Grandfathered participants Participants over age 50 with 10 years of service as of December 31, 2000.

Grandfathered benefits Grandfathered participants have the option of keeping current coverage. Active employee coverage for grandfathered East participants is one times final base pay at no cost with the option to buy up to two times base pay. The entire amount of coverage (basic plus supplemental) in force prior to retirement can be carried into retirement subject to reduction beginning at age 66. Current coverage for grandfathered West participants is one and one-half times final base pay prior to age 60, one times final base pay from age 60 to 64 and one-half times final base pay after age 65.

Life Insurance Benefit Reduction Table
 for Grandfathered East Participants

<i>Years of Coverage</i>	<i>Age 66</i>	<i>Age 67</i>	<i>Age 68</i>	<i>Age 69</i>	<i>Age 70 or Over</i>
10 – 11	65%	55%	45%	35%	25%
11 – 12	70%	60%	50%	40%	30%
12 – 13	75%	65%	55%	45%	35%
13 – 14	80%	70%	60%	50%	40%
14 – 15	85%	75%	65%	55%	45%
15 or more	90%	80%	70%	60%	50%

Grandfathered contributions Grandfathered East retirees must contribute \$0.60/\$1,000 of coverage (basic + supplemental) per month. West retirees are not required to contribute to the cost of coverage.

Nongrandfathered benefits One-half times final base pay at no cost to retiree.

Dental Benefits

Eligibility Participants, including retirees and surviving dependents, are eligible upon retirement after age 55 with 10 years of service. There is a one-time election and if coverage terminates there is no opportunity to reenroll.

Benefits

The AEP Dental Plan provides dental coverage with a deductible of \$50 single/\$150 family, 100% coinsurance for preventive care, 80% coinsurance for basic restorative care, 50% coinsurance for major restorative care and 50% coinsurance for orthodontia.

Most retirees pay the full cost of dental coverage if they enroll. CSW employees who retire before January 1, 1993, contribute nothing to enroll for dental coverage. Former CSW employees retiring after January 1, 1993, who were either retired or had attained age 50 with 10 years of service as of January 1, 2001, pay 30%.

Changes in Plan Provisions Since the Prior Year

The substantive plan provisions changed to reflect the new plan provisions described above for the merged company.

Overview of Benefits Provided by Funding Vehicles

Funding Vehicle	Provides for
Nonunion postretirement medical/dental VEBAs	100% of medical/dental benefits to nonunion employees before 2010 and 75% (East retirees) or 50% (West retirees) of benefits thereafter.
Union postretirement medical/dental VEBAs	100% of medical/dental benefits to union employees.
Postretirement life insurance VEBA	Life insurance benefits for all retirees.
West 401(h) account	50% of benefits after 2009 for nonunion retirees.
East 401(h) account	25% of benefits after 2009 for nonunion retirees.

**American Electric Power
 2005 Summary of Postretirement Health Care Plan Participants - Non-UMWA**

	<u>Nonretired Participants</u>			<u>Retired Participants</u>			
	<u>Active</u>	<u>Disabled</u>	<u>Total</u>	<u>Retiree</u>	<u>Dependent Spouse</u>	<u>Surviving Spouse</u>	<u>Total</u>
	AEP Energy Services, Inc.	2	2	4	29	24	0
AEP Pro Serv, Inc.	0	0	0	0	0	0	0
AEP Service Corporation	6,352	89	6,441	1,451	976	174	2,601
AEP Texas Central Co - Distribution	886	33	919	634	460	208	1,302
AEP Texas Central Co - Generation	1	13	14	272	187	72	531
AEP Texas Central Co - Nuclear	1	0	1	0	0	0	0
AEP Texas Central Co - Transmission	108	3	111	81	49	33	163
AEP Texas North Co - Distribution	332	21	353	241	160	84	485
AEP Texas North Co - Generation	46	6	52	159	106	49	314
AEP Texas North Co - Transmission	42	4	46	39	29	14	82
Appalachian Power Co - Distribution	1,180	77	1,257	1,199	805	499	2,503
Appalachian Power Co - Generation	1,028	90	1,118	631	483	236	1,350
Appalachian Power Co - Transmission	177	17	194	86	70	0	156
Cardinal Operating Company	240	13	253	139	104	40	283
Cedar Coal Co.	0	3	3	26	18	15	59
Central Ohio Coal Co.	0	0	0	55	34	7	96
Columbus Southern Power Co - Distribution	727	23	750	808	520	225	1,553
Columbus Southern Power Co - Generation	337	10	347	270	181	84	535
Columbus Southern Power Co - Transmission	50	2	52	73	56	16	145
Conesville Coal Preparation Company	13	0	13	5	4	1	10
Cook Coal Terminal	10	0	10	9	7	0	16
CSW Energy, Inc.	41	1	42	4	2	0	6
Elmwood	141	0	141	1	0	0	1
Houston Pipeline (HPL)	257	1	258	4	2	0	6
Indiana Michigan Power Co - Distribution	632	24	656	736	464	297	1,497
Indiana Michigan Power Co - Generation	409	19	428	246	187	98	531
Indiana Michigan Power Co - Nuclear	1,098	18	1,116	243	186	41	470
Indiana Michigan Power Co - Transmission	154	0	154	92	66	8	166
Kentucky Power Co - Distribution	224	30	254	168	103	78	349
Kentucky Power Co - Generation	130	17	147	68	53	16	137
Kentucky Power Co - Transmission	50	3	53	5	4	0	9
Kingsport Power Co - Distribution	48	3	51	48	25	19	92
Kingsport Power Co - Transmission	10	1	11	3	3	1	7
Memco	399	2	401	0	0	0	0
Ohio Power Co - Distribution	915	37	952	929	638	364	1,931
Ohio Power Co - Generation	763	78	841	632	495	218	1,345
Ohio Power Co - Transmission	203	5	208	119	87	36	242
Price River Coal Co.	0	0	0	1	0	0	1
Public Service Co of Oklahoma - Distribution	704	31	735	531	373	208	1,112
Public Service Co of Oklahoma - Generation	352	11	363	189	133	80	402
Public Service Co of Oklahoma - Transmission	62	4	66	54	34	19	107
Southern Ohio Coal - Martinka	0	0	0	26	18	4	48
Southern Ohio Coal - Meigs	2	0	2	61	45	14	120
Southwestern Electric Power Co - Distribution	501	13	514	270	199	88	557
Southwestern Electric Power Co - Generation	428	25	453	245	186	82	513
Southwestern Electric Power Co - Texas - Distribution	204	10	214	130	94	36	260
Southwestern Electric Power Co - Transmission	60	2	62	47	32	19	98
Water Transportation (Lakin)	328	32	360	104	57	31	192
Wheeling Power Co - Distribution	60	6	66	72	51	31	154
Wheeling Power Co - Transmission	0	0	0	7	4	7	18
Windsor Coal Co.	0	0	0	18	17	2	37
Total	19,707	779	20,486	11,260	7,831	3,554	22,645

S:\00264\05RET\Valuation - PRW\Work Papers\Results\Non-UMWA ML-1.xls\Counts

American Electric Power
 2005 Net Periodic Postretirement Benefit Cost - Non-UMWA Benefits
 Reflects Medicare Part D Subsidy

Item No. 51 c

Page 50 of 60

		Net Cost After Subsidy										Gross Net Periodic		
Code	Location	APBO	Expected Net Benefit Payments	Fair Value of Assets	Service Cost	Interest Cost	Expected Return on Assets	Amortizations			Net Amortization	Net Periodic Postretirement Benefit Cost	Subsidy	Gross Net Periodic Postretirement Benefit Cost
								NTO	PSC	(G)/L				
185	AEP Energy Services, Inc.	\$2,929,826	\$237,754	\$1,819,029	\$3,951	\$163,361	(\$151,958)	(8,229)	\$0	\$37,799	\$29,571	\$44,925	\$52,630	\$97,555
143	AEP Pro Serv, Inc.	0	0	0	0	0	0	(1,607)	0	0	(1,607)	(1,607)	0	(1,607)
103	AEP Service Corporation	362,513,688	11,700,981	225,072,401	13,081,119	21,449,953	(18,802,098)	1,341,222	0	4,676,997	6,018,220	21,747,194	8,815,814	30,563,008
211	AEP Texas Central Co - Distribution	81,160,354	4,118,257	50,389,699	1,762,129	4,691,758	(4,209,455)	2,273,738	0	1,047,096	3,320,834	5,565,266	1,777,888	7,343,155
147	AEP Texas Central Co - Generation	20,917,257	1,701,387	12,986,812	2,203	1,164,684	(1,084,892)	886,264	0	269,866	1,156,130	1,238,125	374,085	1,612,209
179	AEP Texas Central Co - Nuclear	57,887	0	35,940	2,412	3,497	(3,002)	1,708	0	747	2,455	5,362	1,334	6,696
169	AEP Texas Central Co - Transmission	10,063,900	520,532	6,248,333	215,199	581,305	(521,973)	307,845	0	129,840	437,685	712,216	217,797	930,012
119	AEP Texas North Co - Distribution	30,206,346	1,519,903	18,754,091	699,853	1,749,104	(1,566,679)	879,122	0	389,709	1,268,831	2,151,109	671,553	2,822,662
166	AEP Texas North Co - Generation	12,920,977	1,000,784	8,022,195	97,362	726,450	(670,158)	512,900	0	166,701	679,601	833,255	253,498	1,086,753
192	AEP Texas North Co - Transmission	4,730,874	278,466	2,937,239	84,913	271,354	(245,371)	134,578	0	61,036	195,614	306,510	101,508	408,018
140	Appalachian Power Co - Distribution	163,890,945	9,841,758	101,754,305	2,489,259	9,368,663	(8,500,351)	2,362,780	0	2,114,451	4,477,231	7,834,802	3,266,126	11,100,928
215	Appalachian Power Co - Generation	120,057,756	5,400,539	74,539,771	2,331,175	6,944,150	(6,226,903)	1,380,594	0	1,548,934	2,929,528	5,977,950	2,496,549	8,474,499
150	Appalachian Power Co - Transmission	19,412,823	776,316	12,052,761	395,145	1,126,666	(1,006,864)	291,302	0	250,456	541,758	1,056,705	404,272	1,460,977
104	Cardinal Operating Company	27,795,625	1,147,038	17,257,357	540,015	1,610,672	(1,441,645)	209,505	0	358,607	568,113	1,277,155	579,288	1,856,443
999	Cedar Coal Co.	2,617,631	233,587	1,625,198	0	145,144	(135,766)	63,079	0	33,772	96,850	106,228	44,189	150,417
998	Central Ohio Coal Co.	3,809,417	349,818	2,365,137	0	210,944	(197,579)	145,004	0	49,147	194,152	207,517	64,645	272,163
220	Columbus Southern Power Co - Distribution	99,747,369	6,031,153	61,929,744	1,380,739	5,692,992	(5,173,487)	1,570,320	0	1,286,898	2,857,219	4,757,463	1,982,501	6,739,964
144	Columbus Southern Power Co - Generation	44,266,985	2,160,496	27,483,863	768,690	2,550,298	(2,295,947)	659,443	0	571,114	1,230,557	2,253,598	898,744	3,152,342
130	Columbus Southern Power Co - Transmission	9,894,570	629,083	6,143,201	100,477	561,726	(513,191)	154,962	0	127,656	282,617	431,629	190,234	621,863
290	Conesville Coal Preparation Company	1,139,321	32,034	707,366	32,910	67,074	(59,092)	3,182	0	14,699	17,881	58,773	25,703	84,476
270	Cook Coal Terminal	1,276,976	64,688	792,831	20,562	73,408	(66,232)	9,800	0	16,475	26,275	54,013	26,034	80,048
171	CSW Energy, Inc.	1,068,853	27,669	663,614	110,182	67,593	(55,437)	11,273	0	13,790	25,063	147,401	41,103	188,504
293	Elmwood	2,229,621	9,574	1,384,296	317,847	147,479	(115,641)	0	53,773	28,766	82,539	432,224	111,661	543,884
240	Houston Pipeline (HPL)	6,896,018	46,893	4,281,503	568,163	431,582	(357,668)	0	266,117	88,969	355,086	997,163	239,250	1,236,413
170	Indiana Michigan Power Co - Distribution	85,043,879	5,570,794	52,800,848	1,323,292	4,850,020	(4,410,877)	1,262,913	0	1,097,200	2,360,113	4,122,548	1,728,459	5,851,007
132	Indiana Michigan Power Co - Generation	44,561,254	2,065,492	27,666,565	972,839	2,581,922	(2,311,209)	316,983	0	574,910	891,894	2,135,446	941,717	3,077,163
190	Indiana Michigan Power Co - Nuclear	56,850,596	1,884,150	35,296,599	2,619,120	3,395,373	(2,948,607)	660,473	0	733,462	1,393,935	4,459,821	1,484,351	5,944,172
120	Indiana Michigan Power Co - Transmission	15,999,551	742,245	9,933,576	330,983	925,949	(829,831)	229,369	0	206,419	435,789	862,890	337,183	1,200,073
110	Kentucky Power Co - Distribution	27,500,474	1,404,859	17,074,108	483,542	1,582,906	(1,426,337)	316,828	0	354,799	671,628	1,311,739	559,443	1,871,182
117	Kentucky Power Co - Generation	14,937,669	569,074	9,274,290	273,325	865,967	(774,756)	143,443	0	192,719	336,163	700,699	308,082	1,008,781
180	Kentucky Power Co - Transmission	2,893,394	33,786	1,796,410	103,274	172,841	(150,068)	28,200	0	37,329	65,529	191,576	67,986	259,562
230	Kingsport Power Co - Distribution	6,275,067	371,960	3,895,975	102,215	359,248	(325,462)	109,038	0	80,958	189,996	325,997	126,353	452,350
260	Kingsport Power Co - Transmission	1,027,728	25,573	638,081	20,138	60,045	(53,304)	16,157	0	13,259	29,416	56,295	21,419	77,714
292	Memco	5,387,629	15,878	3,344,995	799,411	358,394	(279,434)	0	114,546	69,509	184,055	1,062,426	270,249	1,332,675
250	Ohio Power Co - Distribution	120,565,171	7,399,207	74,854,808	1,798,943	6,885,566	(6,253,221)	2,197,462	0	1,555,481	3,752,943	6,184,231	2,413,561	8,597,792
181	Ohio Power Co - Generation	104,205,979	5,215,592	64,697,943	1,684,979	5,992,555	(5,404,737)	943,501	0	1,344,421	2,287,922	4,560,719	2,107,493	6,668,212
160	Ohio Power Co - Transmission	22,546,776	1,044,397	13,998,525	421,911	1,302,323	(1,169,409)	392,253	0	290,889	683,142	1,237,967	462,845	1,700,813
994	Price River Coal Co.	24,367	3,359	15,129	0	1,317	(1,264)	(1,065)	0	314	(751)	(698)	409	(289)
167	Public Service Co of Oklahoma - Distribution	63,746,706	3,527,665	39,578,158	1,428,053	3,679,276	(3,306,280)	1,938,075	0	822,433	2,760,508	4,561,557	1,425,913	5,987,470
198	Public Service Co of Oklahoma - Generation	27,313,792	1,282,216	16,958,203	777,191	1,592,617	(1,416,654)	681,539	0	352,391	1,033,930	1,987,084	631,743	2,618,826
114	Public Service Co of Oklahoma - Transmission	6,725,238	323,300	4,175,471	128,675	388,283	(348,811)	185,629	0	86,766	272,396	440,543	141,955	582,498
997	Southern Ohio Coal - Martinka	1,943,695	161,411	1,206,774	0	108,119	(100,811)	52,410	0	25,077	77,487	84,795	33,491	118,286
996	Southern Ohio Coal - Meigs	5,754,888	446,855	3,573,014	4,877	321,290	(298,482)	133,871	0	74,247	208,118	235,803	100,320	336,122
159	Southwestern Electric Power Co - Distribution	38,238,677	1,856,917	23,741,092	941,056	2,219,333	(1,983,283)	958,425	0	493,339	1,451,764	2,628,870	864,570	3,493,440
168	Southwestern Electric Power Co - Generation	37,382,977	1,616,976	23,209,817	953,155	2,177,264	(1,938,902)	864,461	0	482,299	1,346,760	2,538,277	845,418	3,383,696
161	Southwestern Electric Power Co - Texas - Distribution	19,072,384	842,641	11,841,394	424,041	1,106,700	(989,206)	467,371	0	246,064	713,435	1,254,970	418,149	1,673,118
194	Southwestern Electric Power Co - Transmission	6,541,902	338,034	4,061,644	133,797	377,526	(339,302)	170,522	0	84,401	254,923	426,944	141,154	568,099
280	Water Transportation (Lakin)	18,085,572	705,743	11,228,716	618,887	1,064,681	(938,024)	156,975	0	233,332	390,308	1,135,852	441,866	1,577,717
210	Wheeling Power Co - Distribution	8,629,428	544,432	5,357,718	125,222	492,204	(447,573)	154,247	0	111,333	265,580	435,433	175,179	610,612
200	Wheeling Power Co - Transmission	601,406	53,871	373,393	0	33,341	(31,192)	21,059	0	7,759	28,818	30,967	10,865	41,831
995	Windsor Coal Co.	1,532,512	143,590	951,485	0	84,780	(79,485)	48,129	0	19,772	67,900	73,195	26,936	100,131
	Total	\$1,772,993,730	\$86,018,727	\$1,100,791,415	\$41,473,231	\$102,779,697	(\$91,957,914)	\$25,637,057	\$434,435	\$22,874,411	\$48,945,904	\$101,240,918	\$38,723,516	\$139,964,434

S:\00264\05RET\Valuation - PRW\Work Papers\Results\2005 NUMWA Expense by Loc Med D Sub Kept New Exhibit.xls\2005 Exp



American Electric Power
 2006 Net Periodic Postretirement Benefit Cost - Non-UMWA Benefits
 Reflects Medicare Part D Subsidy

Medical and Life Insurance Benefits

Code	Location	APBO	Expected Net Benefit Payments	Fair Value of Assets	Service Cost	Interest Cost	Expected Return on Assets	Amortizations			Net Amortization	Postretirement Benefit Cost
								NTO	PSC	(G)/L		
185	AEP Energy Services, Inc.	2,859,041	231,642	1,885,763	4,149	159,443	(157,170)	(8,229)	0	32,528	\$24,300	\$30,722
143	AEP Pro Serv, Inc.	0	0	0	0	0	0	(1,607)	0	0	(1,607)	(1,607)
103	AEP Service Corporation	385,297,547	11,400,188	254,134,128	14,331,765	22,852,497	(21,180,943)	1,341,222	0	4,383,676	5,724,898	21,728,217
211	AEP Texas Central Co - Distribution	83,485,967	4,012,391	55,065,581	1,850,238	4,834,782	(4,589,470)	2,273,738	0	949,851	3,223,589	5,319,139
147	AEP Texas Central Co - Generation	20,380,312	1,657,650	13,442,423	2,313	1,134,804	(1,120,366)	886,264	0	231,875	1,118,139	1,134,890
179	AEP Texas Central Co - Nuclear	63,788	0	42,073	2,533	3,847	(3,507)	1,708	0	726	2,434	5,307
169	AEP Texas Central Co - Transmission	10,338,631	507,151	6,819,143	225,959	598,246	(568,345)	307,845	0	117,627	425,471	681,332
119	AEP Texas North Co - Distribution	31,131,665	1,480,831	20,533,789	734,847	1,805,919	(1,711,399)	879,122	0	354,197	1,233,319	2,062,685
166	AEP Texas North Co - Generation	12,742,476	975,057	8,404,668	102,230	717,118	(700,491)	512,901	0	144,976	657,876	776,733
192	AEP Texas North Co - Transmission	4,808,098	271,308	3,171,320	89,159	276,284	(264,315)	134,578	0	54,704	189,282	290,409
140	Appalachian Power Co - Distribution	165,887,204	9,588,760	109,415,698	2,613,725	9,498,915	(9,119,309)	2,362,780	0	1,887,362	4,250,142	7,243,473
215	Appalachian Power Co - Generation	123,917,673	5,261,709	81,733,481	2,447,737	7,178,757	(6,812,120)	1,380,594	0	1,409,858	2,790,452	5,604,826
150	Appalachian Power Co - Transmission	20,155,900	756,360	13,294,406	414,903	1,171,481	(1,108,029)	291,302	0	229,321	520,623	998,977
104	Cardinal Operating Company	28,795,819	1,117,552	18,993,114	567,016	1,671,093	(1,582,991)	209,505	0	327,621	537,126	1,192,244
999	Cedar Coal Co.	2,528,885	227,582	1,667,999	0	140,169	(139,020)	63,079	0	28,772	91,851	92,000
998	Central Ohio Coal Co.	3,670,103	340,825	2,420,722	0	203,123	(201,756)	145,004	0	41,756	186,760	188,126
220	Columbus Southern Power Co - Distribution	100,777,855	5,876,112	66,470,945	1,449,778	5,761,208	(5,540,056)	1,570,320	0	1,146,588	2,716,908	4,387,838
144	Columbus Southern Power Co - Generation	45,420,027	2,104,957	29,958,091	807,126	2,620,993	(2,496,873)	659,443	0	516,761	1,176,204	2,107,450
130	Columbus Southern Power Co - Transmission	9,926,499	612,911	6,547,309	105,501	564,333	(545,689)	154,962	0	112,938	267,899	392,044
290	Conesville Coal Preparation Company	1,207,126	31,211	796,195	34,556	71,125	(66,359)	3,182	0	13,734	16,916	56,238
270	Cook Coal Terminal	1,306,101	63,025	861,477	21,590	75,204	(71,800)	9,800	0	14,860	24,660	49,654
171	CSW Energy, Inc.	1,218,813	26,958	803,903	115,691	76,630	(67,002)	11,273	0	13,867	25,140	150,459
293	Elmwood	2,685,051	9,328	1,771,003	333,740	174,821	(147,605)	0	53,773	30,549	84,322	445,278
240	Houston Pipeline (HPL)	7,847,928	45,688	5,176,328	0	453,874	(431,424)	0	266,117	89,289	355,405	377,855
170	Indiana Michigan Power Co - Distribution	85,636,122	5,427,588	56,483,778	1,389,458	4,892,312	(4,707,670)	1,262,913	0	974,315	2,237,228	3,811,328
132	Indiana Michigan Power Co - Generation	46,044,998	2,012,395	30,370,309	1,021,482	2,672,319	(2,531,229)	316,983	0	523,871	840,855	2,003,427
190	Indiana Michigan Power Co - Nuclear	60,973,623	1,835,715	40,216,914	2,750,080	3,643,477	(3,351,900)	660,473	0	693,720	1,354,193	4,395,849
120	Indiana Michigan Power Co - Transmission	16,512,257	723,164	10,891,136	347,533	957,191	(907,727)	229,369	0	187,866	417,236	814,232
110	Kentucky Power Co - Distribution	28,158,684	1,368,745	18,572,874	507,720	1,623,519	(1,547,966)	316,828	0	320,372	637,200	1,220,472
117	Kentucky Power Co - Generation	15,506,026	554,445	10,227,448	286,992	900,143	(852,412)	143,443	0	176,418	319,861	654,584
180	Kentucky Power Co - Transmission	3,135,347	32,917	2,068,009	108,438	187,198	(172,359)	28,200	0	35,672	63,872	187,148
230	Kingsport Power Co - Distribution	6,363,806	362,398	4,197,432	107,326	364,965	(349,837)	109,038	0	72,403	181,441	303,895
260	Kingsport Power Co - Transmission	1,082,208	24,916	713,802	21,145	63,282	(59,492)	16,157	0	12,313	28,469	53,404
292	Memco	6,528,773	15,470	4,306,241	839,383	426,905	(358,906)	0	114,546	74,280	188,826	1,096,208
250	Ohio Power Co - Distribution	121,835,854	7,208,998	80,360,357	1,888,893	6,969,934	(6,697,676)	2,197,462	0	1,386,173	3,583,635	5,744,785
181	Ohio Power Co - Generation	106,655,124	5,081,517	70,347,468	1,769,230	6,143,332	(5,863,147)	917,000	0	1,213,456	2,130,456	4,179,872
160	Ohio Power Co - Transmission	23,223,826	1,017,549	15,317,946	443,007	1,343,584	(1,276,682)	392,253	0	264,226	656,480	1,166,389
994	Price River Coal Co.	22,322	3,273	14,723	0	1,201	(1,227)	(1,065)	0	254	(837)	(837)
167	Public Service Co of Oklahoma - Distribution	65,318,532	3,436,981	43,082,725	1,499,458	3,777,178	(3,590,752)	1,938,075	0	743,154	2,681,229	4,367,112
198	Public Service Co of Oklahoma - Generation	28,397,977	1,249,255	18,730,706	816,052	1,658,694	(1,561,121)	681,539	0	323,095	1,004,634	1,918,259
114	Public Service Co of Oklahoma - Transmission	6,918,066	314,989	4,563,010	135,109	400,078	(380,306)	185,629	0	78,709	264,339	419,220
997	Southern Ohio Coal - Martinka	1,890,176	157,262	1,246,720	0	105,134	(103,909)	52,410	0	21,505	73,915	75,141
996	Southern Ohio Coal - Meigs	5,633,524	435,368	3,715,754	5,121	314,595	(309,691)	133,871	0	64,095	197,965	207,990
159	Southwestern Electric Power Co - Distribution	39,537,405	1,809,182	26,078,038	988,110	2,298,753	(2,173,488)	958,425	0	449,832	1,408,257	2,521,632
168	Southwestern Electric Power Co - Generation	38,891,753	1,575,409	25,652,179	1,000,814	2,268,725	(2,137,994)	864,461	0	442,486	1,306,947	2,438,492
161	Southwestern Electric Power Co - Texas - Distribution	19,758,113	820,980	13,032,034	445,244	1,148,321	(1,086,162)	467,371	0	224,796	692,166	1,199,569
194	Southwestern Electric Power Co - Transmission	6,714,385	329,344	4,428,667	140,487	388,166	(369,110)	170,522	0	76,392	246,914	406,458
280	Water Transportation (Lakin)	19,061,110	687,601	12,572,306	649,832	1,123,573	(1,047,845)	156,975	0	216,865	373,841	1,099,401
210	Wheeling Power Co - Distribution	8,701,378	530,436	5,739,245	131,483	497,141	(478,340)	154,247	0	98,999	253,246	403,530
200	Wheeling Power Co - Transmission	580,806	52,486	383,088	0	32,186	(31,929)	21,059	0	6,608	27,667	27,925
995	Windsor Coal Co.	1,473,525	139,899	971,906	0	81,465	(81,004)	48,129	0	16,765	64,893	65,354
	Total	\$1,831,008,230	\$83,807,476	\$1,207,694,373	\$43,546,949	\$106,328,038	(\$100,655,923)	\$25,610,556	\$434,435	\$20,832,074	\$46,877,063	\$96,096,127

S:\00264\05RET\Valuation - PRW\Work Papers\Results\2005 NUMWA Expense by Loc MED D Sub Kept New Exhibit.xls\2006 Swift

American Electric Power
 2007 Net Periodic Postretirement Benefit Cost - Non-UMWA Benefits
 Reflects Medicare Part D Subsidy

Medical and Life Insurance Benefits

Code	Location	APBO	Expected Net Benefit Payments	Fair Value of Assets	Service Cost	Interest Cost	Expected Return on Assets	Amortizations			Net Amortization	Postretirement Benefit Cost
								NTO	PSC	(G)/L		
185	AEP Energy Services, Inc.	2,790,696	247,411	1,942,560	4,325	155,039	(161,185)	(8,229)	0	27,775	\$19,546	\$17,724
143	AEP Pro Serv, Inc.	0	0	0	0	0	0	(1,607)	0	0	(1,607)	(1,607)
103	AEP Service Corporation	411,033,820	12,176,270	286,114,244	14,940,764	24,358,272	(23,740,515)	1,341,222	0	4,090,908	5,432,130	20,990,651
211	AEP Texas Central Co - Distribution	86,148,912	4,285,539	59,966,916	1,928,860	4,985,985	(4,975,794)	2,273,738	0	857,417	3,131,155	5,070,206
147	AEP Texas Central Co - Generation	19,857,686	1,770,497	13,822,626	2,411	1,101,277	(1,146,941)	886,264	0	197,638	1,083,902	1,040,649
179	AEP Texas Central Co - Nuclear	70,159	0	48,837	2,640	4,222	(4,052)	1,708	0	698	2,406	5,216
169	AEP Texas Central Co - Transmission	10,654,490	541,676	7,416,425	235,561	616,136	(615,383)	307,845	0	106,041	413,886	650,200
119	AEP Texas North Co - Distribution	32,187,973	1,581,641	22,405,547	766,072	1,866,114	(1,859,115)	879,122	0	320,358	1,199,480	1,972,552
166	AEP Texas North Co - Generation	12,585,419	1,041,435	8,760,515	106,574	706,365	(726,909)	512,901	0	125,259	638,160	724,190
192	AEP Texas North Co - Transmission	4,901,689	289,777	3,411,990	92,947	281,405	(283,112)	134,578	0	48,785	183,363	274,603
140	Appalachian Power Co - Distribution	168,392,487	10,241,526	117,215,389	2,724,790	9,632,018	(9,726,023)	2,362,780	0	1,675,965	4,038,745	6,669,530
215	Appalachian Power Co - Generation	128,267,991	5,619,907	89,285,352	2,551,749	7,426,869	(7,408,510)	1,380,594	0	1,276,616	2,657,210	5,227,318
150	Appalachian Power Co - Transmission	20,983,542	807,850	14,606,317	432,533	1,219,034	(1,211,969)	291,302	0	208,843	500,145	939,744
104	Cardinal Operating Company	29,912,990	1,193,630	20,821,967	591,111	1,735,111	(1,727,716)	209,505	0	297,716	507,221	1,105,726
999	Cedar Coal Co.	2,441,217	243,075	1,699,293	0	134,642	(141,000)	63,079	0	24,297	87,375	81,017
998	Central Ohio Coal Co.	3,532,033	364,027	2,458,593	0	194,452	(204,003)	145,004	0	35,153	180,157	170,606
220	Columbus Southern Power Co - Distribution	102,101,475	6,276,136	71,071,248	1,511,383	5,830,126	(5,897,183)	1,570,320	0	1,016,188	2,586,509	4,030,835
144	Columbus Southern Power Co - Generation	46,737,950	2,248,254	32,533,560	841,423	2,695,327	(2,699,493)	659,443	0	465,170	1,124,613	1,961,870
130	Columbus Southern Power Co - Transmission	9,982,331	654,636	6,948,545	109,984	566,641	(576,560)	154,962	0	99,351	254,313	354,378
290	Conesville Coal Preparation Company	1,281,448	33,335	891,996	36,024	75,460	(74,014)	3,182	0	12,754	15,936	53,406
270	Cook Coal Terminal	1,339,721	67,316	932,559	22,508	77,085	(77,380)	9,800	0	13,334	23,134	45,347
171	CSW Energy, Inc.	1,384,006	28,793	963,385	120,607	86,443	(79,937)	11,273	0	13,775	25,048	152,161
293	Elmwood	3,183,877	9,963	2,216,247	347,921	204,555	(183,895)	0	53,773	31,688	85,461	454,043
240	Houston Pipeline (HPL)	8,255,167	48,798	5,746,293	0	477,405	(476,802)	0	266,117	82,161	348,278	348,880
170	Indiana Michigan Power Co - Distribution	86,480,808	5,797,077	60,197,944	1,448,501	4,934,174	(4,994,964)	1,262,913	0	860,720	2,123,633	3,511,345
132	Indiana Michigan Power Co - Generation	47,721,015	2,149,391	33,217,856	1,064,888	2,768,129	(2,756,273)	316,983	0	474,954	791,938	1,868,682
190	Indiana Michigan Power Co - Nuclear	65,523,790	1,960,683	45,610,090	2,866,939	3,910,578	(3,784,527)	660,473	0	652,140	1,312,614	4,305,604
120	Indiana Michigan Power Co - Transmission	17,091,889	772,395	11,897,398	362,300	990,260	(987,194)	229,369	0	170,111	399,480	764,846
110	Kentucky Power Co - Distribution	28,917,943	1,461,924	20,129,330	529,294	1,666,144	(1,670,244)	316,828	0	287,812	604,641	1,129,835
117	Kentucky Power Co - Generation	16,136,886	592,190	11,232,635	299,187	936,361	(932,035)	143,443	0	160,606	304,049	607,561
180	Kentucky Power Co - Transmission	3,397,663	35,158	2,365,061	113,046	202,614	(196,242)	28,200	0	33,816	62,016	181,434
230	Kingsport Power Co - Distribution	6,472,983	387,069	4,505,743	111,886	370,857	(373,867)	109,038	0	64,424	173,461	282,337
260	Kingsport Power Co - Transmission	1,141,589	26,612	794,642	22,043	66,729	(65,936)	16,157	0	11,362	27,519	50,356
292	Memco	7,778,593	16,523	5,414,557	875,051	501,427	(449,276)	0	114,546	77,418	191,964	1,119,165
250	Ohio Power Co - Distribution	123,472,070	7,699,760	85,946,986	1,969,157	7,055,472	(7,131,507)	2,197,462	0	1,228,884	3,426,346	5,319,468
181	Ohio Power Co - Generation	109,473,932	5,427,447	76,203,100	1,844,410	6,301,299	(6,323,002)	917,000	0	1,089,564	2,006,564	3,829,271
160	Ohio Power Co - Transmission	23,990,169	1,086,820	16,699,183	461,832	1,387,144	(1,385,626)	392,253	0	238,768	631,021	1,094,371
994	Price River Coal Co.	20,249	3,495	14,095	0	1,075	(1,170)	(1,065)	0	202	(863)	(958)
167	Public Service Co of Oklahoma - Distribution	67,150,669	3,670,957	46,742,535	1,563,174	3,880,449	(3,878,492)	1,938,075	0	668,332	2,606,407	4,171,538
198	Public Service Co of Oklahoma - Generation	29,620,101	1,334,299	20,618,091	850,728	1,729,156	(1,710,800)	681,539	0	294,801	976,340	1,845,425
114	Public Service Co of Oklahoma - Transmission	7,137,462	336,432	4,968,276	140,850	412,523	(412,246)	185,629	0	71,037	256,667	397,794
997	Southern Ohio Coal - Martinka	1,837,856	167,967	1,279,303	0	101,794	(106,151)	52,410	0	18,292	70,702	66,345
996	Southern Ohio Coal - Meigs	5,517,287	465,006	3,840,498	5,338	307,021	(318,668)	133,871	0	54,912	188,783	182,474
159	Southwestern Electric Power Co - Distribution	41,010,451	1,932,344	28,546,736	1,030,098	2,383,102	(2,368,684)	958,425	0	408,166	1,366,591	2,411,107
168	Southwestern Electric Power Co - Generation	40,581,269	1,682,657	28,247,989	1,043,342	2,366,115	(2,343,895)	864,461	0	403,894	1,268,355	2,333,917
161	Southwestern Electric Power Co - Texas - Distribution	20,528,374	876,869	14,289,482	464,163	1,192,497	(1,185,679)	467,371	0	204,313	671,684	1,142,665
194	Southwestern Electric Power Co - Transmission	6,912,919	351,765	4,811,976	146,457	399,387	(399,277)	170,522	0	68,802	239,324	385,891
280	Water Transportation (Lakin)	20,144,594	734,410	14,022,338	677,445	1,186,677	(1,163,513)	156,975	0	200,494	357,469	1,058,079
210	Wheeling Power Co - Distribution	8,798,599	566,547	6,124,567	137,070	502,073	(508,190)	154,247	0	87,570	241,817	372,770
200	Wheeling Power Co - Transmission	560,448	56,059	390,119	0	30,904	(32,370)	21,059	0	5,578	26,637	25,170
995	Windsor Coal Co.	1,414,945	149,423	984,921	0	77,796	(81,724)	48,129	0	14,083	62,211	58,282
	Total	\$1,896,861,630	\$89,512,770	\$1,320,375,853	\$45,397,388	\$110,091,739	(\$109,559,044)	\$25,610,556	\$434,435	\$18,878,947	\$44,923,936	\$90,854,019

S:\0026405RET\Valuation - PRW\Work Papers\Results\2005 NUMWA Expense by Loc MED D Sub Kept New Exhibit.xls\2007 Split

American Electric Power
 2008 Net Periodic Postretirement Benefit Cost - Non-UMWA Benefits
 Reflects Medicare Part D Subsidy

Medical and Life Insurance Benefits

Code	Location	APBO	Expected Net Benefit Payments	Fair Value of Assets	Service Cost	Interest Cost	Expected Return on Assets	Amortizations			Net Amortization	Postretirement Benefit Cost
								NTO	PSC	(G)/L		
185	AEP Energy Services, Inc.	2,702,376	262,186	1,970,384	4,500	149,506	(162,915)	(8,229)	0	23,499	\$15,270	\$6,361
143	AEP Pro Serv, Inc.	0	0	0	0	0	0	(1,607)	0	0	(1,607)	(1,607)
103	AEP Service Corporation	438,102,564	12,903,414	319,433,801	15,546,752	25,942,546	(26,411,312)	1,341,222	0	3,809,551	5,150,773	20,228,759
211	AEP Texas Central Co - Distribution	88,767,960	4,541,463	64,723,399	2,007,093	5,135,112	(5,351,437)	2,273,738	0	771,888	3,045,626	4,836,395
147	AEP Texas Central Co - Generation	19,188,957	1,876,227	13,991,248	2,509	1,059,481	(1,156,819)	886,264	0	166,859	1,053,123	958,294
179	AEP Texas Central Co - Nuclear	77,011	0	56,151	2,747	4,626	(4,643)	1,708	0	670	2,378	5,109
169	AEP Texas Central Co - Transmission	10,963,248	574,024	7,993,635	245,115	633,674	(660,927)	307,845	0	95,332	403,176	621,038
119	AEP Texas North Co - Distribution	33,234,662	1,676,093	24,232,395	797,144	1,925,924	(2,003,574)	879,122	0	288,994	1,168,116	1,887,610
166	AEP Texas North Co - Generation	12,355,638	1,103,628	9,008,869	110,897	691,514	(744,868)	512,901	0	107,439	620,340	677,883
192	AEP Texas North Co - Transmission	4,985,703	307,082	3,635,227	96,717	286,002	(300,567)	134,578	0	43,354	177,932	260,085
140	Appalachian Power Co - Distribution	170,488,772	10,853,131	124,308,509	2,835,306	9,742,544	(10,278,032)	2,362,780	0	1,482,497	3,845,277	6,145,095
215	Appalachian Power Co - Generation	132,611,271	5,955,517	96,690,880	2,655,246	7,675,188	(7,994,561)	1,380,594	0	1,153,130	2,533,724	4,869,597
150	Appalachian Power Co - Transmission	21,824,690	856,093	15,913,040	450,077	1,267,459	(1,315,716)	291,302	0	189,778	481,080	882,900
104	Cardinal Operating Company	31,041,942	1,264,912	22,633,617	615,086	1,799,942	(1,871,385)	209,505	0	269,927	479,433	1,023,076
999	Cedar Coal Co.	2,332,557	257,591	1,700,738	0	127,926	(140,620)	63,079	0	20,283	83,362	70,669
998	Central Ohio Coal Co.	3,362,134	385,767	2,451,434	0	183,978	(202,689)	145,004	0	29,236	174,240	155,530
220	Columbus Southern Power Co - Distribution	103,155,405	6,650,935	75,213,719	1,572,684	5,884,106	(6,218,794)	1,570,320	0	896,995	2,467,315	3,705,311
144	Columbus Southern Power Co - Generation	48,020,927	2,382,516	35,013,507	875,550	2,767,883	(2,894,974)	659,443	0	417,569	1,077,012	1,825,471
130	Columbus Southern Power Co - Transmission	10,003,229	693,730	7,293,656	114,445	566,996	(603,052)	154,962	0	86,984	241,946	320,335
290	Conesville Coal Preparation Company	1,359,431	35,326	991,202	37,485	80,010	(81,954)	3,182	0	11,821	15,003	50,544
270	Cook Coal Terminal	1,371,841	17,336	1,000,251	23,420	78,886	(82,702)	9,800	0	11,929	21,729	41,333
171	CSW Energy, Inc.	1,562,051	30,512	1,138,938	125,499	97,003	(94,169)	11,273	0	13,583	24,856	153,189
293	Elmwood	3,725,857	10,558	2,716,635	362,033	236,798	(224,616)	0	53,773	32,398	86,171	460,376
240	Houston Pipeline (HPL)	8,682,728	51,712	6,330,839	0	502,121	(523,444)	0	266,117	75,501	341,618	320,294
170	Indiana Michigan Power Co - Distribution	87,056,825	6,143,268	63,475,758	1,507,251	4,961,104	(5,248,280)	1,262,913	0	757,009	2,019,922	3,239,997
132	Indiana Michigan Power Co - Generation	49,398,879	2,277,749	36,018,213	1,108,079	2,864,280	(2,978,045)	316,983	0	429,551	746,535	1,740,849
190	Indiana Michigan Power Co - Nuclear	70,331,841	2,077,772	51,281,068	2,983,220	4,192,827	(4,240,003)	660,473	0	611,575	1,272,049	4,208,093
120	Indiana Michigan Power Co - Transmission	17,669,998	818,521	12,883,729	376,995	1,023,324	(1,065,248)	229,369	0	153,651	383,020	718,091
110	Kentucky Power Co - Distribution	29,648,066	1,549,227	21,617,300	550,762	1,707,242	(1,787,354)	316,828	0	257,807	574,635	1,045,286
117	Kentucky Power Co - Generation	16,778,269	627,554	12,233,542	311,322	973,253	(1,011,489)	143,443	0	145,897	289,340	562,426
180	Kentucky Power Co - Transmission	3,677,699	37,258	2,681,521	117,631	219,062	(221,713)	28,200	0	31,980	60,180	175,160
230	Kingsport Power Co - Distribution	6,567,922	410,184	4,788,870	116,425	375,966	(395,952)	109,038	0	57,112	166,149	262,588
260	Kingsport Power Co - Transmission	1,203,604	28,201	877,584	22,938	70,333	(72,560)	16,157	0	10,466	26,623	47,333
292	Memco	9,137,231	17,510	6,662,231	910,542	582,251	(550,844)	0	114,546	79,453	193,999	1,135,948
250	Ohio Power Co - Distribution	124,783,089	8,159,575	90,983,116	2,049,025	7,123,012	(7,522,634)	2,197,462	0	1,085,060	3,282,522	4,931,925
181	Ohio Power Co - Generation	112,179,373	5,751,564	81,793,366	1,919,218	6,453,294	(6,762,810)	917,000	0	975,463	1,892,464	3,502,166
160	Ohio Power Co - Transmission	24,749,457	1,151,723	18,045,576	480,563	1,430,414	(1,492,038)	392,253	0	215,211	607,464	1,026,404
994	Price River Coal Co.	17,827	3,704	12,998	0	988	(1,075)	(1,065)	0	155	(910)	(1,057)
167	Public Service Co of Oklahoma - Distribution	68,915,436	3,890,180	50,248,324	1,626,575	3,980,218	(4,154,614)	1,938,075	0	599,259	2,537,334	3,989,513
198	Public Service Co of Oklahoma - Generation	30,862,040	1,413,981	22,502,445	885,233	1,800,911	(1,860,539)	681,539	0	268,363	949,902	1,775,507
114	Public Service Co of Oklahoma - Transmission	7,353,553	356,523	5,361,697	146,563	424,814	(443,314)	185,629	0	63,943	249,573	377,636
997	Southern Ohio Coal - Martinka	1,771,506	177,998	1,291,659	0	97,660	(106,796)	52,410	0	15,404	67,814	58,678
996	Southern Ohio Coal - Meigs	5,364,095	492,775	3,911,124	5,555	297,356	(323,378)	133,871	0	46,644	180,514	160,047
159	Southwestern Electric Power Co - Distribution	42,486,344	2,047,740	30,978,075	1,071,878	2,467,828	(2,561,318)	958,425	0	369,443	1,327,868	2,306,255
168	Southwestern Electric Power Co - Generation	42,303,066	1,783,142	30,844,442	1,085,659	2,465,560	(2,550,269)	864,461	0	367,849	1,232,310	2,233,259
161	Southwestern Electric Power Co - Texas - Distribution	21,305,667	929,234	15,534,605	482,990	1,237,173	(1,284,427)	467,371	0	185,265	652,636	1,088,372
194	Southwestern Electric Power Co - Transmission	7,106,181	372,772	5,181,331	152,397	410,340	(428,401)	170,522	0	61,792	232,314	366,650
280	Water Transportation (Lakin)	21,271,728	778,268	15,509,859	704,922	1,252,388	(1,282,381)	156,975	0	184,970	341,945	1,016,874
210	Wheeling Power Co - Distribution	8,870,216	600,380	6,467,542	142,630	505,582	(534,747)	154,247	0	77,132	231,378	344,843
200	Wheeling Power Co - Transmission	535,240	59,407	390,260	0	29,347	(32,267)	21,059	0	4,654	25,713	22,792
995	Windsor Coal Co.	1,343,190	158,346	979,360	0	73,380	(80,975)	48,129	0	11,680	59,808	52,213
	Total	\$1,962,609,300	\$94,858,309	\$1,430,997,671	\$47,238,677	\$113,859,063	(\$118,317,241)	\$25,610,556	\$434,435	\$17,066,003	\$43,110,994	\$85,891,492

S:\00264\05RET\Valuation - PRM\Work Papers\Results\2005 NUMWA Expense by Loc MED D Sub Kept New Exhibit.xls\2008 Swit

American Electric Power
 2009 Net Periodic Postretirement Benefit Cost - Non-UMWA Benefits
 Reflects Medicare Part D Subsidy

Medical and Life Insurance Benefits

Code	Location	APBO	Expected Net Benefit Payments	Fair Value of Assets	Service Cost	Interest Cost	Expected Return on Assets	Amortizations			Net Amortization	Postretirement Benefit Cost
								NTO	PSC	(G)/L		
185	AEP Energy Services, Inc.	2,593,955	276,295	1,969,251	4,681	142,825	(162,353)	(8,229)	0	19,667	\$11,438	(\$3,409)
143	AEP Pro Serv, Inc.	0	0	0	0	0	0	(1,607)	0	0	(1,607)	(1,607)
103	AEP Service Corporation	466,627,842	13,597,739	354,249,479	16,171,144	27,613,297	(29,205,726)	1,341,222	0	3,537,924	4,879,146	19,457,861
211	AEP Texas Central Co - Distribution	91,357,928	4,785,837	69,356,124	2,087,703	5,283,020	(5,717,993)	2,273,738	0	692,666	2,966,404	4,619,134
147	AEP Texas Central Co - Generation	18,373,040	1,977,186	13,948,246	2,610	1,009,284	(1,149,948)	886,264	0	139,302	1,025,567	887,513
179	AEP Texas Central Co - Nuclear	84,373	0	64,054	2,858	5,060	(5,281)	1,708	0	640	2,348	4,984
169	AEP Texas Central Co - Transmission	11,266,690	604,912	8,553,324	254,959	650,961	(705,170)	307,845	0	85,423	393,267	594,018
119	AEP Texas North Co - Distribution	34,277,568	1,766,283	26,022,474	829,159	1,985,691	(2,145,396)	879,122	0	259,889	1,139,011	1,808,465
166	AEP Texas North Co - Generation	12,053,235	1,163,014	9,150,445	115,351	672,539	(754,399)	512,901	0	91,386	604,287	637,778
192	AEP Texas North Co - Transmission	5,060,769	323,606	3,841,980	100,602	290,109	(316,748)	134,578	0	38,370	172,948	246,911
140	Appalachian Power Co - Distribution	172,194,341	11,437,132	130,724,638	2,949,178	9,831,397	(10,777,456)	2,362,780	0	1,305,560	3,668,340	5,671,460
215	Appalachian Power Co - Generation	136,969,857	6,275,980	103,983,295	2,761,886	7,925,012	(8,572,794)	1,380,594	0	1,038,491	2,419,085	4,533,190
150	Appalachian Power Co - Transmission	22,683,378	902,159	17,220,522	468,153	1,316,994	(1,419,728)	291,302	0	171,983	463,285	828,704
104	Cardinal Operating Company	32,188,176	1,332,976	24,436,271	639,789	1,865,911	(2,014,623)	209,505	0	244,047	453,553	944,630
999	Cedar Coal Co.	2,202,703	271,452	1,672,224	0	120,000	(137,865)	63,079	0	16,701	79,779	61,914
998	Central Ohio Coal Co.	3,160,080	406,524	2,399,035	0	171,667	(197,786)	145,004	0	23,959	168,964	142,845
220	Columbus Southern Power Co - Distribution	103,949,785	7,008,818	78,915,474	1,635,846	5,923,627	(6,506,103)	1,570,320	0	788,136	2,358,457	3,411,827
144	Columbus Southern Power Co - Generation	49,276,083	2,510,718	37,408,884	910,714	2,839,059	(3,084,136)	659,443	0	373,606	1,033,049	1,698,686
130	Columbus Southern Power Co - Transmission	9,989,870	731,059	7,584,001	119,041	565,422	(625,255)	154,962	0	75,742	230,704	289,912
290	Conesville Coal Preparation Company	1,441,416	37,227	1,094,278	38,991	84,799	(90,217)	3,182	0	10,929	14,111	47,684
270	Cook Coal Terminal	1,402,649	75,174	1,064,848	24,361	80,618	(87,790)	9,800	0	10,635	20,435	37,624
171	CSW Energy, Inc.	1,753,783	32,154	1,331,418	130,539	108,368	(109,767)	11,273	0	13,297	24,570	153,710
293	Elmwood	4,313,443	11,126	3,274,633	376,573	271,692	(269,974)	0	53,773	32,704	86,477	464,768
240	Houston Pipeline (HPL)	9,131,988	54,494	6,932,724	0	528,098	(571,561)	0	266,117	69,238	335,354	291,891
170	Indiana Michigan Power Co - Distribution	87,372,398	6,473,834	66,330,433	1,567,785	4,973,481	(5,468,543)	1,262,913	0	662,448	1,925,362	2,998,085
132	Indiana Michigan Power Co - Generation	51,087,375	2,400,313	38,783,961	1,152,582	2,961,291	(3,197,503)	316,983	0	387,339	704,323	1,620,693
190	Indiana Michigan Power Co - Nuclear	75,420,149	2,189,575	57,256,653	3,103,033	4,491,684	(4,720,465)	660,473	0	571,828	1,232,301	4,106,553
120	Indiana Michigan Power Co - Transmission	18,249,621	862,565	13,854,550	392,136	1,056,561	(1,142,224)	229,369	0	138,367	367,736	674,209
110	Kentucky Power Co - Distribution	30,353,320	1,632,590	23,043,305	572,882	1,747,049	(1,899,781)	316,828	0	230,136	546,964	967,113
117	Kentucky Power Co - Generation	17,433,174	661,322	13,234,729	323,825	1,010,998	(1,091,123)	143,443	0	132,177	275,620	519,319
180	Kentucky Power Co - Transmission	3,976,596	39,263	3,018,909	122,355	236,613	(248,891)	28,200	0	30,150	58,350	168,427
230	Kingsport Power Co - Distribution	6,649,383	432,256	5,048,007	121,100	380,332	(416,178)	109,038	0	50,415	159,452	244,706
260	Kingsport Power Co - Transmission	1,268,513	29,718	963,016	23,859	74,108	(79,395)	16,157	0	9,618	25,774	44,346
292	Memco	10,610,839	18,452	8,055,422	947,111	669,807	(664,121)	0	114,546	80,450	194,996	1,147,794
250	Ohio Power Co - Distribution	125,781,653	8,598,637	95,489,555	2,131,318	7,173,166	(7,872,536)	2,197,462	0	953,663	3,151,126	4,583,074
181	Ohio Power Co - Generation	114,787,015	6,061,053	87,142,765	1,996,298	6,600,167	(7,184,394)	917,000	0	870,303	1,787,303	3,199,374
160	Ohio Power Co - Transmission	25,505,690	1,213,696	19,363,134	499,864	1,473,624	(1,596,373)	392,253	0	193,381	585,635	962,750
994	Price River Coal Co.	15,049	3,904	11,425	0	762	(942)	(1,065)	0	114	(951)	(1,131)
167	Public Service Co of Oklahoma - Distribution	70,623,829	4,099,508	53,615,435	1,691,902	4,077,111	(4,420,268)	1,938,075	0	535,463	2,473,538	3,822,283
198	Public Service Co of Oklahoma - Generation	32,130,284	1,490,066	24,392,322	920,786	1,874,354	(2,010,999)	681,539	0	243,608	925,148	1,709,288
114	Public Service Co of Oklahoma - Transmission	7,567,514	375,708	5,745,023	152,449	437,017	(473,642)	185,629	0	57,376	243,005	358,829
997	Southern Ohio Coal - Martinka	1,691,016	187,576	1,283,767	0	92,718	(105,839)	52,410	0	12,821	65,231	52,110
996	Southern Ohio Coal - Meigs	5,173,744	519,291	3,927,747	5,778	285,572	(323,819)	133,871	0	39,227	173,097	140,629
159	Southwestern Electric Power Co - Distribution	43,973,036	2,157,928	33,382,974	1,114,927	2,553,402	(2,752,224)	958,425	0	333,399	1,291,824	2,207,929
168	Southwestern Electric Power Co - Generation	44,065,758	1,879,092	33,453,366	1,129,261	2,567,580	(2,758,028)	864,461	0	334,102	1,198,563	2,137,376
161	Southwestern Electric Power Co - Texas - Distribution	22,093,931	979,235	16,773,032	502,387	1,282,835	(1,382,835)	467,371	0	167,514	634,885	1,037,025
194	Southwestern Electric Power Co - Transmission	7,295,293	392,830	5,538,362	158,518	421,091	(456,604)	170,522	0	55,312	225,834	348,838
280	Water Transportation (Lakin)	22,447,927	820,146	17,041,774	733,233	1,321,499	(1,404,991)	156,975	0	170,198	327,173	976,465
210	Wheeling Power Co - Distribution	8,917,072	632,686	6,769,566	148,358	507,711	(558,110)	154,247	0	67,608	221,855	319,814
200	Wheeling Power Co - Transmission	505,137	62,604	383,484	0	27,509	(31,616)	21,059	0	3,830	24,889	20,782
995	Windsor Coal Co.	1,258,120	166,866	955,126	0	68,202	(78,744)	48,129	0	9,539	57,668	47,126
	Total	\$2,028,606,387	\$99,962,579	\$1,540,055,463	\$49,135,887	\$117,650,995	(\$126,968,256)	\$25,610,556	\$434,435	\$15,380,683	\$41,425,673	\$81,244,299

S:\00264\05RET\Valuation - PRW\Work Papers\Results\2005 NUMWA Expense by Loc MED D Sub Kept New Exhibit.xls\2009 Swit